

MINUTES OF EVIDENCE

TAKEN BEFORE THE

SELECT COMMITTEE OF THE HOUSE OF COMMONS

ON THE

A F F A I R S

OF

THE EAST-INDIA COMPANY,

FEB. 20th to AUG. 15th, 1832.

II.

Finance and Accounts—Trade.

LONDON:

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JAN. 1833.

20 February 1832.

Mr.

James Pennington.

7. Did you obtain copies of these abstract statements, and did they enable you to overcome the difficulties you have mentioned?—Copies of the abstract statements were furnished; they did not enable me to overcome the difficulties I had previously experienced, but they enabled me, by collecting the items they contain, and arranging them under their respective heads, to arrive at the results that are stated in a memorandum which I believe has been submitted to the Committee.

8. Have you any reason to question the general accuracy of the finance statements?—I have no reason to question the accuracy of the statements, when considered merely as statements; but these statements are not accounts, and do not afford the means of ascertaining what is the actual condition of the Company's affairs at any one period, still less do they afford the means of checking the results by bringing them to the test of a balance.

9. Explain what you mean by statements?—My meaning will perhaps be best explained by an instance. Two statements may be drawn out with a view to illustrate the particular matters to which they relate, and each may contain items that are common to them both: if the results the statements exhibit were to be taken as matters of account, those items, it is obvious, would be taken twice over; they are statements, not accounts: or if a statement of the revenue and charge contained all the income and disbursements of the Treasury, I should call it an account; if it comprehended only part of the outgoings and the income of the Treasury I should call it a statement.

10. Did these actual amounts, stated to have been paid and received, appear to be actual payments, or only estimates of payments?—They are most likely actual payments; I am not exactly able to say that such is the case, but I have no doubt they are actual payments.

11. Did the heads of these statements correspond with the heads of accounts in India in the general books?—I apprehend these are only abstracts from general accounts, and not intended to fall exactly under the same heads of account as exist in the India books.

12. The results are rather consolidated than aggregated in these statements?—The English receipts and payments are sometimes consolidated rather than aggregated with the receipts and payments in India.

13. Do you think you have got all the accounts sent home from India to England; or is there anything yet to be brought forward from the time you commenced?—My investigation has been chiefly confined to the accounts since the commencement of the present charter.

14. In the answer to question 5680, in the Second Report, it is stated that the increase of the register territorial debt of India, from the commencement of the present charter to the 30th of April 1828, was 12,603,914*l.*, to which if there be added the amount of surplus profits applied to territorial purposes, 4,923,020*l.*, and the advances from the commercial branch, 3,184,000*l.*, the amount will be 20,710,934*l.* The territorial deficiency for the same period is stated to be 19,825,027*l.*; the difference between these sums, 885,907*l.*, remains to be accounted for, as an increase to the territorial assets since 1814; is this, in your judgment, a satisfactory account of the matter?—That is the only attempt at anything like a balance statement that I have yet seen. If it had been distinctly shown

shown of what the 885,907 *l.* consisted, and that that asset was the necessary result of the circumstances stated in the question, I should then consider the explanation satisfactory; but when it is recollected that the balance in the Indian treasury in 1828, the period to which the question extends, exceeded the balance in the Indian treasury on the 30th April 1814, by nearly three times 800,000 *l.*, although that circumstance alone is not sufficient to invalidate the result, it is enough to induce a wish that it had been more satisfactorily explained, and more distinctly accounted for.

15. Did you take all the Indian treasuries, or one?—The whole of the Indian treasuries. The difference is stated to be 885,907 *l.*, to be accounted for by a supposed increase of territorial assets. If it had been shown that the increase was exactly 885,907 *l.*, that it was neither more nor less than 885,907 *l.*, it would in that case appear to be the necessary result of the conditions involved in the question, and the explanation have been satisfactory.

16. What was the first statement of stock by computation, laid before Parliament after the commencement of the present charter?—The first account of stock by computation, was to the 30th April 1815, in so far as respects England; and to the 30th April 1814, in so far as respects India.

17. What is the balance of the account?—The balance against the Company on the whole of the concern, 2,611,311 *l.*

18. What was the balance of stock by computation on the 1st of May 1813?—That account shows a balance against the Company of 7,773,493 *l.*

19. These accounts are drawn out in respect to India on the 1st May 1814 and on the 1st of May 1812; and with respect to England, on the 1st of May 1815, and on the 1st of May 1813, are they not?—Yes, they are.

20. By comparing the two with each other, there is an improvement in the general concern of upwards of 5,000,000 *l.* between 1813 and 1815. Can you account for this great improvement in that period?—I am unable to account for it. It appears to me extremely desirable that the principle on which the commercial property was separated from the territorial at the commencement of the present charter should be explained. In these two years the surplus revenue was not much more than 100,000 *l.* The more favourable appearance of the balance is far too great to be accounted for by the accumulation of surplus profits in so short a period of time. These accounts of stock by computation may both be right. It is certainly desirable to be able to account for the difference by a regularly balanced account, showing what occurred to produce it in the intervening period.

21. Did you inquire whether the principle of computation in 1813 and 1815 was the same?—I have no means of ascertaining that point. I apprehend it must have been the same, but I can only judge from what appears on the face of the printed statements laid before Parliament.

22. Do you not know in what items, either in the debtor or creditor side of the account, the principal difference appears?—In the accounts of stock by computation previous to the commencement of the present charter, the commercial debts and assets were not separated from the territorial; the results only, therefore, can be taken as the points of comparison.

20 February 1832.

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23. Are we to understand that you saw nothing in the commercial profits of the Company that could warrant so great a difference as five millions, while the surplus revenue was only 100,000*l.*?—No; and hence the necessity of showing, by a regularly balanced account, in what way so extraordinary a difference was produced.

24. Have you looked at the commercial accounts laid before Parliament; there is one showing the profits from 1813 to the present time, and the account balances as nearly as possible with the sums that the Territory owed to the Commerce?—I think that statement commences in the year 1814, not 1813. In the account of stock by computation for 1814, the amount of commercial property is stated to be 17,482,521*l.* In the account of stock by computation for the following year, 1815, the amount of commercial property is stated to be 20,302,764*l.* These two amounts may both be very correct, and I have no reason to suppose they are not so; but it would be very desirable to know in what way the commercial property had increased in the course of one year to the extent of 2,800,000*l.* and upwards. In 1813, the commercial property was not separated from the territorial; the year 1814 was the first in which that separation was made. There is therefore no means of comparing the commercial property in 1813 with the commercial property in 1815.

25. You have found nothing in the accounts you had before you to explain that difference?—No. I understand that a balance statement is in the course of preparation at the India House, which it is likely will clear up all doubts and difficulties. All that is wanting is a balanced statement of accounts.

26. Have you seen a letter dated the 9th of February, addressed by the Board of Control to the India House, requesting certain statements?—I apprehend I have; but I am not sure as to the date.

27. Is this the letter [*handing it to the witness*]?—I have seen this letter.

28. Have you also seen this [*showing another*]?—Yes.

29. Do you conceive, if the accounts therein required were furnished, you would be able to make up a series of accounts in the manner you have stated to the Committee?—I think I should.

Jovis, 23^o die Februarii, 1832.

THOMAS HYDE VILLIERS, Esq. in the Chair.

HOLT MACKENZIE, Esq. called in and examined.

23 February 1832.

Holt Mackenzie,
Esq

30. IN what year did you go out to India, and what public situations have you successively filled up to the period of your leaving it?—I went out in the year 1808, and after being about a year in the College, I was attached to the Sudder Dewanny and Nizamut Adawlut. In that court I was employed first as an assistant, then as a reporter of civil and criminal cases, then as deputy registrar and translator of the

the Regulations into the Persian and Bengalee languages. From that office I was appointed Territorial Secretary to the Government. In 1826, I went up to the Western Provinces, as Secretary to the Governor-general. I remained about 20 months in the interior, for a considerable part of which I was separated from his Lordship, being appointed a supernumerary member of the Board of Revenue; and during the whole time, it was specially made my duty to communicate with the local officers of Government, upon the subject of the internal administration of the country, and particularly regarding the settlement of the land revenue. I have visited most of the districts of the Western Provinces, and Benares and Behar, but I never had charge of a district. During the period for which I held the office of Territorial Secretary, I was a director of the Bank of Bengal, a member of the Mint Committee, of the Committee of Records, of the Committee of Public Instruction, of the College Council, and of several temporary committees, which probably I need not mention.

31. Were you at the College in this country?—I was.

32. For how long did you fill the office of Territorial Secretary in Bengal?—For about 15 years.

33. What are the duties of that office?—The office was divided into two branches. In the financial branch, it was my duty to conduct all the correspondence of the Government relative to matters of finance. I had chiefly to correspond with the Accountant-general, but also occasionally with other officers, and with individuals regarding the public loans, or other questions of finance affecting individual interests. I had likewise to concert with the Accountant-general the means of raising funds necessary for the public service, and generally to offer advice to the Government upon financial questions. In the revenue department, my chief duty was to correspond with the several Boards who superintend the different branches of revenue, and to concert with the Boards the means of improving the revenue, or the was relating to revenue. On particular occasions I had also to correspond with individuals; and all petitions to Government on matters relating to the revenue were received by me and disposed of under the orders of Government. I should perhaps explain, that for almost the whole of the time during which I held the territorial office, it embraced the whole of the land revenue, salt, opium, customs, and the excise, in fact every branch of revenue except the post-office. Subsequently there has been a new arrangement of duty, and the excise, stamps, customs, salt and opium have been transferred to the general department. It was the duty of the Secretary, in regard to all charges belonging to his own department, to give his opinion as to whether they should be admitted when new charges were proposed, or new establishments recommended by the different Boards. With regard to the charges in the other departments, he had no distinct responsibility, and no power of control; and his being consulted in regard to such charges depended chiefly on the personal discretion of the secretary of the department, and the degree of familiar intercourse which might pass between them. Latterly, the Government having resolved on the appointment of a financial committee, with a view of a revision of all the establishments, it was the duty of the financial secretary to submit to the Governor-general his views of the best means by which he thought such a revision in all the departments could be effected. The resolution constituting a financial committee

23 February 1842.

Holt Mackenzie,
Esq.